

Georgia Capital PLC announces strong recent trading performance

Georgia Capital PLC (the “**Group**” or “**Georgia Capital**”) announces that its recent operational trading performance has been very strong and significantly in excess of management’s expectations, partly supported by the strength of the Georgian economy over the last few months.

In the first quarter of 2021 the Georgian economy contracted by an estimated 4.5%, reflecting the impact of the COVID-19 pandemic related lockdown restrictions. Over the last few months these restrictions have gradually been lifted, and international borders have been re-opened ahead of the important summer tourist season. As a result, the rapid estimate of Georgian economic growth shows a 44.8% increase in real GDP in April 2021, compared to April 2020 (and a 20.8% increase compared to April 2019).

May 2021 has also been a strong month and, according to Geostat’s official preliminary data, exports and imports in May 2021 increased by 44.9% and 40.3%, respectively, compared to May 2020. In addition, remittances in the first 5 months of 2021 increased 46.9% year-on-year. During April and May, the currency has started to strengthen and GEL has appreciated against the US Dollar by 8.8% since the start of 2Q21 to 21 June 2021. Inflation has been relatively well controlled, against the backdrop of global commodity price increases, and was 7.2% in April and 7.7% in May 2021. Economic activity has continued to be strong in June to date, and, for the 2021 full year, we now forecast Georgia to deliver real GDP growth of 7.5%, with an upside estimate of low double-digit growth. This is expected to be further supported by the acceleration of the country’s vaccination programme, where the Government currently expects over 60% of Georgia’s adult population to be vaccinated by the end of 2021.

Georgia Capital has benefited from this strong economic recovery, combined with excellent operating performances across our portfolio companies. As a result, the aggregated revenues of our private portfolio companies during the April and May combined period totalled GEL 328 million, a 55% year-over-year growth and a 33%¹ growth over the equivalent, pre-pandemic, 2019 period. Similarly, the aggregated EBITDAs² of our private portfolio companies during the April and May combined period totalled more than GEL 73 million, a 123% year-over-year growth and 63%¹ growth over the equivalent, pre-pandemic, 2019 period.

Within these numbers large portfolio companies continued to perform well:

- In **Healthcare Services**³, revenues were in excess of GEL 33 million in each of April and May 2021, leading to combined GEL 67 million revenues and a 108% year-over-year growth for the same period (up 34% compared to 2019). At the same time, EBITDA⁴ was GEL 17.6 million for combined April and May 2021, a GEL 16.7 million increase over the same period of 2020, and up 61% compared to 2019.
- In **Retail (Pharmacy)**, revenues totalled in excess of GEL 65 million in each of April and May 2021, reflecting 44% year-on-year growth (up 28% compared to 2019), while EBITDA⁴ amounted to GEL 13.4 million for the same period, a 34% year-over-year increase (up 10% compared to 2019).

¹ Like-for-like growth numbers.

² Representing aggregation of portfolio companies’ IFRS results consistent with regular quarterly reporting methodology. Healthcare Services and Retail (Pharmacy) EBITDAs exclude the impact of IFRS 16 application.

³ Revenues and EBITDAs of Healthcare Services business are adjusted to exclude results of HTMC hospital, disposed in August 2020.

⁴ Excluding the impact of IFRS 16 application on EBITDA.

- In the **water utility** business, revenues totalled GEL 34.2 million during April and May combined, with year-on-year revenue growth of 90% (up 27% compared to 2019). EBITDA during the same period was GEL 22.1 million, reflecting 191% year-on-year growth, and an increase of 53% compared to 2019.
- In the **insurance** businesses, earned premiums net during April and May combined were GEL 25.6 million, a 15% increase over the same period of 2020 (up 1.3% compared to 2019).

Our **investment stage** portfolio company aggregated revenues were GEL 15 million in April and May 2021 combined, leading to a 27% year-over-year growth over the comparable period (up 55%⁵ compared to 2019). Aggregated EBITDAs for the same period were GEL 9.9 million, reflecting a 27% year-over-year increase, and 83%⁵ higher than in 2019.

Other portfolio company aggregated revenues were GEL 53.4 million in April and May 2021 combined, leading to a 55% year-over-year growth over the comparable period (up 66%⁵ compared to 2019). Aggregated EBITDAs for the same period were GEL 7.7 million, reflecting a GEL 6.5 million year-over-year increase (up by GEL 9.0⁵ million compared to 2019).

Georgia Capital’s management expects that the strong performance of its portfolio companies will have a positive impact on their respective valuations which, when coupled with the recent Bank of Georgia share price performance and GEL’s appreciation against the US Dollar, is expected to lead to strong NAV per share growth in 2Q21.

Name of authorised official of issuer responsible for making notification: Giorgi Alpaidze, Chief Financial Officer

About Georgia Capital PLC

Georgia Capital is a platform for buying, building and developing businesses in Georgia with holdings in sectors that are expected to benefit from the continued growth and further diversification of the Georgian economy. The Group’s focus is typically on larger-scale investment opportunities in Georgia, which have the potential to reach at least GEL 0.5 billion equity value over 3-5 years from the initial investment and to monetise them through exits, as investments mature. Georgia Capital currently has the following portfolio businesses: (i) a healthcare services business; (ii) a water utility business; (iii) a retail (pharmacy) business, (iv) an insurance business (P&C and medical insurance); (v) a renewable energy business (hydro and wind assets) and (vi) an education business; Georgia Capital also holds other small private businesses across different industries in Georgia and a 19.9% equity stake in LSE premium-listed Bank of Georgia Group PLC (“Bank of Georgia”), a leading universal bank in Georgia.

JSC Georgia Capital has, as of the date hereof, the following credit ratings:

S&P Global	‘B’/FC & ‘B’/LC
Moody’s	B2/CFR & B2/PDR

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⁵ Like-for-like growth numbers.